

Central Falls Detention Facility Corporation Meeting Minutes
Wednesday, September 14, 2011
Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
6:00 P.M.
TDD/TTY 401-727-7450

A meeting of the Central Falls Detention Facility Corporation was held on the above date; at the Wyatt Detention Facility Training Building at 6:00p.m.

1. Roll Call

Director Adamo – Present
Director St. Pierre – Present
Director Hartford – Present
Director Grefe – Present
Director Romanowicz – Present
Quorum Present

2. Approval of Minutes

Motion made by Director St. Pierre and Seconded by Director Romanowicz

3. New Business

A. Almonte Report

- Mr. Almonte, formerly of DeSanto & Priest was hired to prepare and present a report on the Facility's implementation of the Fair Report. He has left the firm and started his own, but as the lead investigator is still presenting on this case.
- Mr. Almonte went over his credentials.
- He then went through the entire report pointing out each "red flag." These "red flags" are all listed in the report and should be found there.
- Overall finding was that there have been tremendous improvements since the Fair report was written, and Almonte credits Fair and Warden Murphy for these improvements.
- Mr. Almonte suggested that a full forensic accounting study be done on the facility to see when and if fraud was committed. He also suggested that the Board investigate facility's criminal insurance. Facility Council says this is being done.
- Ultimately, Almonte sees Fair's tenure as very positive. He also doesn't see a conflict between the bondholders and the city of Central Falls or its residents. He wants to make sure that the indenture of trust is followed, because bankruptcy is good for no one.

B. Michael Geezil

- Geezil began with a brief bio and stated that he wants to assist in any way he can.
- He produced a consulting agreement and will charge \$1 per calendar month as a consulting fee.
- The Board voted to accept this contract and Geezil's services. Director St. Pierre made a motion to accept and this was seconded by Director Romanowicz. The Board voted to affirm.
- Geezil then suggested the formation of standard subcommittees, such as finance, audit and governance and Chairman Hartford said it would be on the agenda for the next meeting. He said it would be best to have only two Board members on each committee.

C. Notice of the City of Central Falls to the Finks re: property tax liability

- Wyatt Legal Counsel (Fracassa) presented that the City of Central Falls has sent bills to the Finks for back taxes. The law, however, says that the facility is tax exempt.
- A change in tax exempt status could affect the bond holders agreement.
- There has been discussion in the RI General Assembly to look at the finances of the facility.
- The bill is not due until July 2012 and there are questions about if the city can bill retroactively.
- For the next meeting we would like to know how far back the city could go and where does the property value come from?

D. Terence Fracassa—Options Relating to Resuming or Making Impact Fees, etc.

- Fracassa first gave background on the flow of funds.
- \$8 million per year goes to the bondholders in two installments of \$4 million each. Anything left goes into the reserve fund.
- The operational reserve fund is where possible impact payments could come from.
- Fracassa states that we could obtain prior consent to amend the budget to include impact fees. This was tried in 2010 and people misunderstood. Trustee is not interested and in 2011 said it would not be approved. But we could try it again.
- We could amend the indenture of trust with a majority of the bondholders and get it signed by the trustee.
- The ultimate question is, can impact fees be made a priority when capital improvements are needed and vendors must be paid.
- Reserve funds must be replenished in 60 days or we are in default. We have accessed close to \$1 million and the bondholders waived the grace period. There is friction between the bondholders and the trustee.

- Fracassa then described the relationship between the corporation and AIG.

E. Financial Plans for resuming impact fees

- Can we refinance the bonds? RIEDC could issue bonds for refinancing at 4%.
- We could sell Wyatt and privatize the facility. City could then tax them or have payments in lieu of taxes.
- The state could purchase all the bonds and bondholders would still get paid, tax free.

F. 2011 Budget Revision Plan/Proposal

- CEO Fair reports that he just received legal and lobbying fees from the bondholders in the amount of \$126,000.
- Fracassa was to send a letter to the trustee to find out under what authority they have taken money for this action.
- Fair's new budget puts the facility's needs first.
- Chairman Hartford and Director St. Pierre want to see budget comparisons from last year's budget.
- Conversation ensued trying to understand how to authorize these expenses.
- Director St. Pierre says that we would be most comfortable approving only October's budget line and then getting the necessary figures before acting on a longer-term authorization.
- Director St. Pierre made a motion to authorize October's budget and Director Grefe seconded. The Board voted to approve.

G. Update on Accreditation

- Warden Brian Murphy was brought in a year ago to make a safe, secure and humane facility.
- Status—there are challenges that must be overcome from the previous two years because the accreditation takes a three year look back. There has been a dramatic change in the last year, but before that there were problems.
- As of this date, there were 36 more standards to meet. They had a pre-audit the day before and it was eye opening, but shows accreditation still possible. But, what may have been acceptable three years ago to those particular reviewers might not be now.
- There will be debate and discussion over medical attention, though this has been greatly improved.
- The accreditation visit will be October 19-21 and they will be honest and sincere and prove the point about moving forward.

4. Old Business

A. Protocol for Board Communications with Administration

- In previous years the Directors did not talk to staff without first going through CEO Fair or Warden Murphy.

- We need to make appointments first to make sure that the staff is available and that this will not take them away from needed work.
- Does the Board need a spokesperson? The Last Board decided it would be CEO Fair or Legal Counsel.
- From now forward, Board issues would be referred to Chairman Hartford.

5. Reports of CEO and/or Legal Counsel (deemed not necessary)

6. Executive Session pursuant to RIGL 42-46-5 for the following purposes:

Motion to go into Executive Session made by Director Adamo; seconded by Director Romanowicz; all were in favor; so voted. Time: 8:11 p.m.

Brief Break was taken and Executive Session was entered at 8:20 p.m.

Executive session pursuant to RIGL 42-46-5 for the following purposes:

- A. RIGL 42-46-5(a)(2) for the purpose of reviewing issues regarding litigation; potential litigation; and investigations concerning the Almonte Report and Wayne Salisbury.
- B. RIGL 42-46-5(a) (3) for the purpose of receiving an operational report from the Warden and CEO.

Motion to leave Executive Session made by Director Romanowicz and Seconded by Salle Adamo. Board votes to re-enter general session at 8:45 p.m.

7. Scheduling of next Board meeting and future agenda items

- No date is chosen, but Board Members are asked to check October 25 or 26 at 6:00 p.m.

5. Adjourn – Motion to adjourn made by Director Romanowicz; seconded by Director Adamo. All were in favor. Meeting adjourned at 8:55 p.m.